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August 8, 2014

TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H.
Director and Health Officer

A handwritten signature in black ink that reads "Jonathan E. Fielding MD". The signature is written in a cursive, flowing style.

SUBJECT: **MAXIMIZING EXPANDED DRUG MEDICAL ELIGIBILITY (ITEM NO. 37,
AGENDA OF JUNE 4, 2014)**

This is in response to your Board's motion on June 4, 2014, directing the Chief Executive Officer (CEO) and the Director of Public Health (DPH), in collaboration with County Counsel and the Directors of Health Services (DHS) and Mental Health (DMH), to report back on a plan to leverage the Affordable Care Act (ACA) to provide expanded substance use disorder (SUD) treatment and prevention services to at-risk individuals, including the chronically homeless, prison re-entry and transition age youth population, and persons with co-occurring disorders. Your Board also requested an explanation on how these services can be better integrated with other health and mental health services provided to at-risk populations, as well as the extent to which the County should retain outside expertise. This report describes the current funding for SUD services in Los Angeles County, the opportunities for expanded SUD services provided under federal health care reform, and County initiatives to maximize these opportunities and further integrate physical health, mental health, and SUD services.

Current State of SUD Funding

Funding for SUD services administered by Los Angeles County DPH is provided by both State and federal sources including California's Drug Medi-Cal (DMC) program. Medicaid funds are used to provide substance abuse treatment services to qualified individuals through the DMC program, with a 50/50 match of Medicaid funds and State funds. Attachment 1 provides a breakdown of the DPH-Substance Abuse Prevention and Control (SAPC) SUD funding sources, the services provided, and funding amounts for Fiscal Year 2014-15.

SAPC uses these funds to serve SUD clients through contracts with approximately 150 community-based programs. SAPC also directly operates outpatient and residential treatment programs at the Antelope Valley Rehabilitation Center.

Newly Eligible Populations

With the recent passage of the federal ACA and State Health Care Reform, the County now has the opportunity to expand access to SUD services for many at-risk clients who previously faced long waiting times for admission. On July 15, 2013, I informed your Board about ACA Medicaid expansion provisions and State legislation to implement health care reform that provides a more comprehensive SUD benefit package than previously provided under the DMC program.

Briefly, the ACA permits states to expand Medicaid eligibility to include single childless adults ages 19-64, with incomes less than 138 percent of the Federal Poverty Level. Federal Medicaid covers the full cost for the newly eligible population with no required local state match until 2017, and a local state match thereafter that increases to 10 percent by 2020 and following years.

By participating in the Medicaid eligibility expansion provision of ACA, the State is now able to obtain full Medicaid funding for SUD services provided for newly Medi-Cal eligible beneficiaries under DMC, particularly low-income single, childless adults. Prior to Medi-Cal expansion, many of these persons received services funded by other federal and State revenue streams administered by SAPC or required a dollar-for-dollar local match for Medicaid funds. The full Medicaid funding for DMC services for the newly eligible population frees up additional federal and State funds to provide other SUD treatment services that are not funded under Medi-Cal. Additionally, some previously uninsured individuals who received SUD services through the federal Substance Abuse Prevention and Treatment (SAPT) Block Grant are now enrolled in Covered California; which allows the Block Grant funds to be directed to SUD services not covered by DMC.

Enhanced SUD Benefit Package

Last year California enacted SBX1_1, which authorized the State's expansion of Medi-Cal benefits beginning January 1, 2014. Under the legislation, additional SUD services were included as an "essential health benefit" for both current and newly eligible Medi-Cal beneficiaries (the expansion population). However, these enhanced benefits will not become eligible for federal Medicaid payment until California's State Plan Amendment (SPA) submitted in December 2013 is approved. The additional SUD benefit defined in State law (AB 1453) contained a more robust SUD benefit package. (See Attachment 2).

Notwithstanding the ACA provisions that will expand access to SUD services, the State DMC benefits will continue to be limited even after the enhanced benefits in the SPA are federally approved. The benefits will not provide a full continuum of reimbursable services to effectively address all the needs of at-risk individuals. SAPC, in conjunction with DHS, DMH, CEO, and other stakeholders, are actively engaged in advocating to change federal and State policies in order to establish a comprehensive, clinically sound, and financially viable DMC Program and service delivery system. In this advocacy effort, SAPC participates as a key member of various policy work groups of the County Behavioral Health Directors Association of California, the California Department of Health Care Services, and the Insure the Uninsured Project.

SAPC is continuing its active participation in the State's development of an 1115 Medicaid waiver proposal to reform the DMC Program and, in conjunction with DHS and DMH, the

development of the renewal proposal for the "Bridge to Reform" 1115 Medicaid waiver. The State intends to submit these proposals in early 2015.

Key Policy Changes Needed

Additional policies that need change include the following:

- ***Federal Institutes for Mental Disorders (IMD) exclusion of residential SUD treatment facilities with more than 16 beds from Medicaid reimbursement*** – This policy, established almost 50 years ago, excludes chemical dependency hospitals and residential SUD treatment programs from Medicaid reimbursement if they have more than 16 beds. Currently, there are no facilities that meet this standard in Los Angeles County. This policy change requires Congressional and federal administrative action.
- ***Code of Federal Regulations (CFR) Section 42 Part 2 restrictions on sharing of confidential patient SUD services as a barrier to coordinating care*** – This policy, while initially adopted to protect persons receiving SUD services from discrimination and stigma, restricts the sharing of patient care information across health systems for care coordination. With the protections of the Health Information Protection and Portability Act now in place, some provisions of 42 CFR Part 2 can be modified to allow sharing of such information to improve care coordination without compromising patient confidentiality. This policy change requires federal administrative action.
- ***Activation of the Medicaid Rehabilitation Model Option (the Rehab Option) as a means for broadening the reimbursable activities under DMC benefits to improve service effectiveness*** – Adoption of the Rehab Option for the Short-Doyle Mental Health Medi-Cal Program has allowed the County to provide a broader array of community-based mental health services. Adoption of the Rehab Option for the DMC Program will also allow SUD services to be provided in community settings, rather than being restricted to clinics, where at-risk individuals can be more effectively engaged and provided services. This policy change requires State administrative action.
- ***Establishment of provisions for adequate and appropriate County compensation and control for certifying and monitoring DMC providers operating in the County and serving County residents*** – Adopting provisions for the County to certify DMC programs similar to how the County presently certifies mental health providers will strengthen local accountability for services delivered to residents. Adequate State compensation for the County will be critical to effectively implement these added responsibilities. This policy change requires State administrative action.

County Initiatives to Expand Access To SUD Services and to Integrate Care

Expanding Access

- ***Medi-Cal Outreach and Enrollment Assistance Grant*** – SAPC is participating in a two-year State-funded grant project that commenced on July 1, 2014, in partnership with DHS, DMH,

DPH's Maternal, Child and Adolescent Health, the Department of Public Social Services, and the Sheriff's Department to provide outreach and enrollment assistance for members of at-risk and hard-to-reach populations who are eligible for Medi-Cal. SAPC is using its Community Assessment Service Centers to conduct outreach and enrollment assistance with clients of SUD treatment programs in their respective Service Planning Areas. A key outcome of this effort is to enroll more eligible SUD clients in DMC services. This will allow SAPC to utilize federal Medicaid more effectively and will free up other SUD funds for services not covered by DMC.

- Provider Network Expansion – SAPC is also working collaboratively with DMH and DHS to expand the network of health, mental health, and SUD providers certified to provide Drug Medi-Cal, Short-Doyle Mental Health Medi-Cal, and general Medi-Cal health and behavioral health services at their facilities. In collaboration with the County health plans, the Departments will work to encourage and incentivize their providers to become certified in multiple Medi-Cal systems. This will expand the network of providers available to provide SUD services, and will assist in efforts to provide integrated services for patients with co-occurring conditions.
- Stakeholder Involvement – SAPC is also reinvigorating its stakeholder process for building a County-wide SUD system of services. Beginning in September 2014, SAPC will be engaging stakeholders in topic-specific work groups to ensure the service needs and perspectives of consumers, providers, County partners, and other interested parties are included in efforts to 1) increase the SAPC provider network capacity to serve a greater number of at-risk individuals, and 2) improve service effectiveness and efficiency to meet the anticipated increased demand for SUD services resulting from expanded Medi-Cal eligibility. By including its stakeholders in restructuring and updating its service delivery continuum and payment mechanisms, SAPC intends to maximize its ability to access and utilize the federal and State revenue described earlier that support SUD services in Los Angeles County. This stakeholder process is targeted to be completed by September 2015 in time for implementation of the renewal of the State's "Bridge to Reform" 1115 Medicaid waiver.

Integrated Care

Current efforts to collaborate between SAPC, DHS, DMH, and other County partners will greatly expand access for at-risk clients through innovative approaches that integrate physical health, mental health, and SUD services. Current efforts include:

- Services for Chronically Homeless Individuals – These efforts include Family Solutions Centers for homeless families; the Single Adult Model Project that offers permanent housing and support services for homeless single adults with co-occurring physical, mental health, and SUD conditions; and the Homeless Encampment Project offering outreach and service linkage for homeless persons from various encampments throughout the County.
- Services for the Prison Re-entry Population – These efforts include the Community Re-Entry Resource Center at the Twin Towers Correctional facility that assists persons being released from jail to successfully transition back to the community; and the services offered

under Assembly Bill 109 program for Post-Release Supervised Persons links these individuals with a range of mental health and SUD services when they are released from the Men's Central Jail.

- Services for Transition Age Youth (TAY) – These efforts include on-site SUD screening, assessment, and outpatient counseling at the Day Reporting Center for TAY operated by the Probation Department for TAY at risk for gang involvement; and the Hollywood Homeless Collaborative that links homeless TAY to SUD services.
- Persons with Co-Occurring SUD, Physical Health and Mental Health Conditions – These efforts include the Needs Special Assistance Work Group at the Los Angeles County + University of Southern California (LAC+USC) Medical Center to reduce the number of high utilizers of the emergency department due to mental health and SUD conditions by linking these persons to appropriate services in the community; and the Center for Community Health Project that involves a multi-system effort to address the needs of homeless persons with multiple diagnoses of physical, mental health, and SUD conditions in the Los Angeles Skid Row area.

Future Initiatives

SAPC, in collaboration with DHS, DMH, and other County partners are aggressively pursuing the following actions to maximize the opportunities offered by the federal ACA and State health care reform and to continue efforts to integrate care.

- Health Neighborhood Initiative – The County-wide Health Neighborhood Initiative led by DMH has begun to establish regionally-tailored networks for coordinated care across systems. DHS, DMH, and SAPC providers and services comprise the foundation for the service networks of the Health Neighborhoods. The effort was launched on July 30, 2014 with an initial meeting of County partners. Five initial health neighborhoods will be identified as starting points for establishing and expanding the networks across the County.
- SUD eConsult system – SAPC will work with DHS to establish and implement a SUD eConsult system wherein DHS primary care providers can more easily refer patients to SAPC providers. SAPC staff will manage the referral portal and provide feedback to referring DHS providers as to when and where SUD services can be provided to their patients.
- Cal MediConnect Dual Eligibles Pilot – SAPC, DHS, DMH, and the two County health plans continue to implement a coordinated health care approach for Medi-Cal and Cal MediConnect beneficiaries. This effort has already established policies and procedures for care coordination and systems for patient data exchange. SAPC will work with DHS and the LA Care Health Plan to build the capacity of primary care providers to conduct SUD screening, brief intervention, and referral to treatment with their patients.

Inclusion of Outside Expertise

While DHS, DMH, and SAPC possess extensive internal expertise on system delivery design and organizational development, these agencies also are reaching out to outside experts for advice and consultation through the following opportunities:

- DHS, DMH, DPH and LA Care Health Plan successfully collaborated, applied for, and received a planning grant from the Blue Shield Foundation to establish a service delivery infrastructure for the Health Neighborhood Initiative. The grant provides capacity to examine successful models for integrated service delivery reaching at-risk populations.
- The DMH-sponsored *Eleventh Annual Statewide Conference on Integrating Substance Use, Mental Health, and Primary Care Services in Our Communities* in October 2014 in Los Angeles provides an opportunity for DHS, DMH, and SAPC leaders and other County partners to interact with many of the leading experts in health care integration. These interactions will help establish ongoing communication to tap into the knowledge of these experts.

SAPC and its collaborative partners, DHS and DMH, remain actively engaged in efforts to change federal and State policy, to expand access and availability of SUD services, to improve service delivery systems supporting coordinated, integrated health and behavioral health care, and to ensure that the best expertise is used. These efforts will result in maximizing federal funding for SUD services, redirecting other SUD funds for services not covered by DMC, and integrating SUD services into other health and mental health services for at-risk County clients.

If you have any questions or would like additional information, please let me know.

JEF:wlf

Attachments

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Department of Health Services
Department of Mental Health

**Attachment 1: Department of Public Health Substance Abuse Prevention and Control
Fiscal Year 2014-15 Funding and Services**

FUNDING SOURCE	SERVICES	FY 2014/15 TOTAL FUNDING AMOUNT
Federal Medicaid (Drug Medi-Cal, or DMC)	<ul style="list-style-type: none"> • Outpatient services • Narcotic replacement therapy • Perinatal Residential 	\$62,518,099
State Substance Abuse Realignment (includes State matching funds for DMC)	<ul style="list-style-type: none"> • DMC treatment services • Treatment services for non-DMC eligible clients • Residential detoxification • Residential treatment for adults and youth • Residential treatment for women with children • Intensive outpatient treatment • Drug court treatment services 	\$75,516,967
Federal Substance Abuse Prevention and Treatment Block Grant (SAPT)	<ul style="list-style-type: none"> • Treatment services for non-DMC eligible clients • Community-based prevention • Residential treatment for adults and youth • Drug court treatment services 	\$60,968,046
Public Safety Realignment Act (Assembly Bill 109)	<ul style="list-style-type: none"> • Residential detoxification, residential, and alcohol drug free living center services • Outpatient counseling services, medication assisted treatment for post-release supervised persons or new County offenders classified as non-violent, non-serious, and non-sexual (N3's) referred by the Probation Department 	\$16,035,489
General Relief Program	<ul style="list-style-type: none"> • Residential detoxification, residential, intensive outpatient, outpatient, assessment and referral services for low-income single adults 	\$7,588,500
California Work Opportunity and Responsibility to Kids Program	<ul style="list-style-type: none"> • Residential detoxification, residential, intensive outpatient, outpatient assessment and referral services for low-income families with children who reside in Los Angeles County 	\$16,430,000
First 5 Los Angeles	<ul style="list-style-type: none"> • Community Assessment Service Centers • Residential treatment • Outpatient counseling services • Intensive outpatient treatment 	\$4,236,459
Department of Children Family Services (Time limited family reunification-promoting safe and stable families)	<ul style="list-style-type: none"> • Community Assessment Service Centers • Residential treatment • Outpatient counseling services • Intensive outpatient treatment 	\$2,202,000
TOTAL		\$245,495,560

Attachment 2: Comparison of SUD Benefit Under Previous DMC and Expanded SUD Benefit

SUD Benefit Under Previous DMC Program:	Enhanced SUD Benefit, Effective Jan. 1, 2014:
Narcotic Treatment Program – Outpatient treatment primarily utilizing methadone.	Narcotic Treatment Program – Outpatient treatment primarily utilizing methadone.
Outpatient treatment utilizing the narcotic antagonist Naltrexone , but not the extended-release, injectable version.	Outpatient treatment utilizing the narcotic antagonist Naltrexone , but not the extended-release, injectable version.
Outpatient Drug Free – Mostly group counseling and some limited individual counseling.	Outpatient Drug Free – Mostly group counseling and some limited individual counseling.
Day Care Rehabilitative – Intensive outpatient treatment, including group and individual counseling, eligibility for which is limited to pregnant and postpartum women, and as a benefit under the Early Periodic Screening, Diagnosis and Treatment program for children under 21.	Day Care Rehabilitative – Intensive outpatient treatment, including group and individual counseling, eligibility for which is limited to pregnant and postpartum women, and as a benefit under the Early Periodic Screening, Diagnosis and Treatment program for children under 21.
Perinatal Residential – Residential treatment provided to pregnant and postpartum women in facilities of 16 beds or less, not including beds occupied by children. (Room & board must be paid for by revenue other than DMC.)	Perinatal Residential – Residential treatment provided to pregnant and postpartum women in facilities of 16 beds or less, not including beds occupied by children. (Room & board must be paid for by revenue other than DMC.)
	Enhanced services: Inpatient detoxification: hospitalization for medical management of withdrawal symptoms, including room and board, physician services, drugs, dependency recovery services, education and counseling. Outpatient chemical dependency care , including day treatment programs, intensive outpatient treatment programs, individual and group chemical dependency counseling, medical treatment for withdrawal symptoms, methadone maintenance treatment for pregnant members during pregnancy and for 2 months after delivery at a licensed treatment center.